Alberta

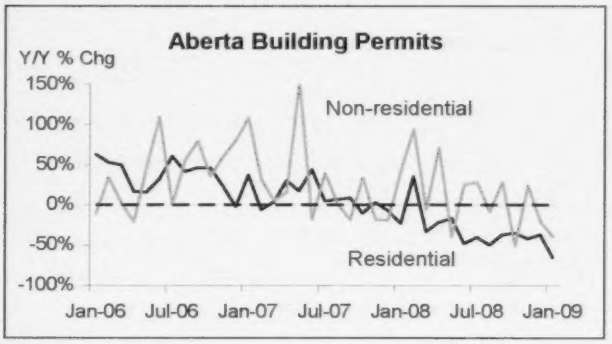
Weekly Economic Review

March 6, 2009

Building Permits

Construction is suffering…

The value of building permits issued in Alberta fell dramatically in January. On a year-over-year basis, the total value of permits declined by 51.6%, or $539 million. Both residential and non-residential permits joined in the slide, falling by 66.1% and 39.3% respectively.



Real Estate Market

Albertans cautiously optimistic

According to an RBC study, home buying intentions in Alberta are the highest across Canada, with 35% of respondents planning to buy a home over the next two years – up 6 percentage points from 2008. 86% of those polled in Alberta believe that buying a home is a good investment, although housing prices and economic conditions mean 57% would rather wait until next year to buy.

Albertans appear to be backing up intentions with actions. Although not seasonally adjusted, Edmonton MLS sales increased 47% between January and February, with 1,075 residential properties sold. The trend in Calgary was similar, with sales of single-family homes up 50% and condo sales up 52%.

Ivey Purchasing Managers Index

Purchasing activity potentially stabilizing…

The Canadian Ivey Purchasing Managers Index for February came in at 45.2, considerably higher than the 36.1 recorded in January. However, this is still less than 50 and thus in contraction territory.

↓	**Canadian Dollar (US¢/CS)**	
	March 6, 2009	77.74
	February 27, 2009	78.70
	2008-09 YTD	90.32
↓	**WTI Oil US$/bbl**	
	March 5, 2009	$ 43.61
	February 26, 2009	$ 45.22
	2008-09 YTD	$ 89.47
↑	**Nymex Natural Gas CS/MMBtu** *	
	Near-month Contract	
	March 6, 2009	$ 5.08
	February 27, 2009	$4.97

* Estimate based on Nymex Futures Market Price

Farm Product Price Index

Mixed signals for agriculture...

Farm product prices were down 4.7% in December on a year-over-year basis, due to a 20.7% fall in crop prices. Grain prices, in particular, fell 42.4%. On the other hand, livestock prices were up 13.5%, with both cattle and hog producers benefiting.

Broad Economic Indicators

Grim news everywhere…

The Canadian economy contracted by an annualized 3.4% in the fourth quarter of 2008, the largest quarterly decline since 1991. With the exception of government spending, no sector registered an increase from the previous quarter.

The Bank of Canada continued unprecedented stimulative efforts, dropping overnight rates to a historic low of 0.5% and indicating the possibility of quantitative easing. This matches the trend in England, where rates have fallen to 0.5% and the Bank of England has announced quantitative easing through the purchase of up to £150 billion of assets with newly-printed money.

The US unemployment rate surged to 8.1% in February, the highest level in more than 25 years. In the 10th consecutive month of falling employment, employers eliminated 651,000 positions – making the cumulative losses since December 2007 the most since the 1958 recession.

Alberta CURRENT ECONOMIC INDICATORS

March 6, 2009

Overall Economy	2007	2008	2009YTD*	(year-over-year % change unless otherwise noted) August	Sept	Oct	Nov	Dec	Jan
Real GDP (in 2002 $billions)	187.5	--	--	--	--	--	--	--	--
% change	3.1	--	--	--	--	--	--	--	--
Nominal GDP ($ billions)	258.9	--	--	--	--	--	--	--	--
% change	8.1	--	--	--	--	--	--	--	--
Population[1] (000's) (level)	3,511	3,585	--	--	--	3,611	--	--	--
% change	2.6	2.1	--	--	--	2.4	--	--	--
Net Interprovincial Migraton[1] (level)	33,809	10,010	--	--	--	4,927	--	--	--
Net International Migration[1] (level)	16,136	19,283	--	--	--	4,907	--	--	--
Net Non-permanent Residents[1] (level)	13,539	17,890	--	--	--	8,061	--	--	--
Labour Market									
Employment (000's)	1,959	2,013	2,025	2,007	2,022	2,035	2,032	2,023	2,025
% change	4.7	2.8	1.2	1.9	2.3	3.2	3.2	1.5	1.2
Unemployment Rate (%)	3.5	3.6	4.4	3.5	3.8	3.7	3.5	4.2	4.4
Average Hourly Wage Rate	6.0	5.7	6.2	5.3	5.5	6.2	5.0	4.1	6.2
Average Weekly Earnings	4.5	4.8	--	5.3	5.8	3.9	5.8	4.0	--
Labour Income[2]	11.4	8.6	--	8.3	8.2	--	--	--	--
Price Indices									
Consumer Price Index	5.0	3.1	1.2	4.0	2.8	2.4	2.1	1.9	1.2
Excluding food and energy	4.9	1.9	1.5	1.5	1.1	1.3	1.8	1.7	1.5
Non-Res. Const. Cost Index[3] (quarterly)	17.3	13.2	--	16.1 (Q3)	--	--	8.8 (Q4)	--	--
Farm Product Price Index	14.3	11.1	--	14.7	-0.6	1.3	-0.9	-4.7	--
Crops	41.4	26.3	--	15.6	-4.8	-9.2	-14.9	-20.7	--
Livestock	0.7	2.1	--	10.7	9.9	14.5	17.7	13.5	--
Household Sector									
Housing Starts (SAAR, 000's)	48.1	29.0	17.2	23.3	24.1	25.2	20.5	20.0	17.2
% change	-2.1	-39.7	-51.5	-53.0	-57.2	-46.8	-52.7	-48.3	-51.5
New Housing Price Index	22.5	0.7	--	-3.3	-3.4	-4.5	-5.1	-6.1	--
Edmonton	32.1	1.0	--	-5.7	-5.8	-7.7	-7.9	-8.2	--
Calgary	16.2	0.6	--	-1.1	-1.2	-1.6	-2.5	-4.3	--
MLS Average Resale Prices	24.3	-1.4	--	-5.2	-5.0	-3.7	-4.2	-7.4	-10.0
Edmonton	34.3	-2.0	--	-4.8	-5.6	-8.6	-2.0	-5.7	-4.5
Calgary	18.7	-2.9	--	-8.0	-6.0	-5.6	-6.0	-9.4	-11.4
Retail Sales	9.3	-0.2	--	-3.1	2.1	3.1	-5.9	-7.9	--
New Motor Vehicle Sales	3.3	-7.2	--	-13.5	-1.9	-2.6	-11.6	-23.3	--
Business Sector									
Public and Private Investment[4]	9.1	3.6	-14.0	--	--	--	--	--	--
Mining and oil and gas[4]	0.3	-1.4	-28.2	--	--	--	--	--	--
Rigs Drilling	-35.2	-2.1	-24.4	10.7	6.9	18.3	3.5	-10.2	-24.4
Goods Exports (customs based)	5.3	33.2	--	45.4	50.9	43.5	16.4	-7.9	--
Energy	4.4	40.9	--	55.1	63.7	50.8	18.0	-7.9	--
Agriculture	9.8	28.6	--	21.5	24.3	31.5	35.8	16.8	--
Total Farm Cash Receipts (quarterly)	11.9	15.2	--	--	18.4 (Q3)	--	--	8.5 (Q4)	--
Manufacturing Shipments	1.9	6.9	--	10.1	20.6	7.6	-4.7	-7.8	--
Wholesale Trade	4.5	10.9	--	11.7	21.4	14.8	7.4	14.3	--
Building Permits	13.4	-16.5	-51.6	-33.4	-12.0	-43.8	-14.7	-29.1	-51.6
Residential	10.7	-31.5	-66.1	-49.9	-37.2	-35.2	-42.2	-37.2	-66.1
Non-residential	17.1	3.7	-39.3	-8.0	28.3	-50.6	24.5	-21.4	-39.3

Alberta Finance and Enterprise

* YTD – year-to-date represents the change since the beginning of the year compared to the same period in the previous year.

[1] Quarterly; annual numbers are presented on a census year basis (July 1 - June 30). Year-to-date value is actual 2008. The October population estimate is also the 2009 year-to-date value.

[2] Total income earning in Alberta including wages and salaries, and supplementary income.

[3] Average of Calgary and Edmonton.

[4] 2009 based on initial investment intentions, 2008 preliminary actuals, and 2007 actuals

Sources: All data is from Statistics Canada except Housing Starts (Canada Mortgage and Housing Corporation), MLS Average Resale Prices (Canadian Real Estate Association) and Rigs Drilling (Canadian Association of Oilwell Drilling Contractors).

Alberta

CURRENT ECONOMIC INDICATORS, BY PROVINCE

	Canada	Nfld.	P.E.I.	N.S.	N.B.	Que.	Ont.	Man.	Sask.	Alta.	B.C.
Conference Board Forecast (Winter 2009)											
Real GDP Growth											
2007 (actuals, Statistics Canada)	**2.7%**	9.1%	2.4%	1.7%	1.7%	2.7%	2.3%	3.3%	2.5%	**3.1%**	3.0%
2008	**0.7%**	1.0%	1.2%	1.6%	1.1%	1.0%	0.0%	2.7%	5.4%	**0.6%**	1.0%
2009	**-0.5%**	-2.6%	0.6%	-0.3%	0.2%	-0.4%	-1.2%	1.0%	1.6%	**-0.5%**	-0.1%
Population (As of October 1, 2008)											
Population	**33,441,277**	508,944	140,750	939,125	747,790	7,771,854	12,977,059	1,210,547	1,020,847	**3,610,782**	4,405,534
Annual Growth Rate[a]	**1.19%**	0.30%	1.54%	0.26%	0.19%	0.87%	1.07%	1.10%	1.49%	**2.36%**	1.64%
Net Interprovincial Migration											
2008 Census Year (July 1 2007 to June 30 2008)		1,299	42	-117	-325	-12,399	-16,522	-503	8,067	**10,010**	11,458
3rd Quarter (July 1 to September 30 2008)		823	127	-722	-741	-3,046	-3,200	-1,515	2,064	**4,927**	1,484
Employment											
Level Change (000s)[b]	**-109.9**	-7.4	-1.9	2.6	3.2	-39.2	-70.2	3.5	16.6	**23.5**	-40.6
Percent Change[b]	**-0.7%**	-3.6%	-2.9%	0.6%	0.9%	-1.0%	-1.1%	0.6%	3.3%	**1.2%**	-1.8%
Unemployment Rate, 2009 avg	**7.2**	14.3	11.9	8.8	8.7	7.7	8.0	4.6	4.1	**4.4**	6.1
Participation Rate, 2009 avg	**67.4**	59.0	67.2	64.6	65.1	65.3	67.6	69.5	70.2	**74.9**	65.7
Average Weekly Earnings (SA)											
December 2008	**801.92**	752.98	660.85	697.05	750.22	757.41	832.88	735.22	773.63	**888.97**	773.25
% Increase[c]	**2.7%**	3.4%	5.1%	2.8%	3.6%	3.0%	2.6%	2.8%	4.6%	**4.0%**	0.5%
Wage Settlements (December 2008)										**6.1%**	
CPI Inflation											
January Annual	**1.1%**	0.9%	-0.1%	-0.1%	-0.5%	0.5%	1.4%	1.4%	2.4%	**1.2%**	1.4%
Excluding Shelter	**0.3%**	-0.2%	-0.2%	-0.7%	-1.0%	-0.2%	0.3%	0.4%	0.1%	**0.5%**	1.1%
Housing Starts (000s)											
SAAR January 2009	**153.5**	3.6	0.6	2.8	3.8	45.3	54.7	3.6	3.8	**17.2**	18.1
Retail Sales											
Percent Change[c]	**-4.8%**	0.6%	0.9%	-0.4%	1.6%	-0.1%	-5.8%	-0.4%	-1.4%	**-7.9%**	-10.4%
Avg. Monthly % Change (Jan-Dec 2008)	**-0.5%**	-0.1%	-0.1%	-0.2%	-0.1%	-0.1%	-0.6%	-0.2%	-0.2%	**-0.9%**	-1.0%
Manufacturing Shipments											
Percent Change[c]	**-6.5%**	-33.7%	-7.6%	-12.9%	-30.8%	-3.0%	-5.5%	2.8%	-0.9%	**-7.8%**	-10.7%

a. Over the past 12 months
b. January 2009 Y/Y change, unadjusted for seasonal effects
c. December 2008 Y/Y change, unadjusted for seasonal effects
SA-Seasonally Adjusted

Source: Statistics Canada, Canada Mortgage and Housing Corporation and Conference Board of Canada

Alberta Finance and Enterprise